

Leisure Centres and rising energy costs

Purpose of report

For direction.

Summary

Leisure centres, particularly swimming pools, are being significantly affected by rising energy costs. This has the potential to jeopardise the recovery of the leisure sector after Covid-19, and to lead to facility closures if external support is not provided.

The LGA is working with partners like Uactive and Community Leisure UK (CLUK) to collect information on the impact of these rising energy costs, and to collectively engage with Government on the issue. The Chief Culture and Leisure Officers Association (CLOA) is also supporting this work.

Huw Edwards, CEX, Uactive, and Jack Shakespeare, Director of Research, Policy, and Communications, Uactive, and Kirsty Cummings, Chief Executive, CLUK, will attend the Board to outline the findings of their recent provider surveys.

Is this report confidential? Yes No

Recommendation/s

The Board is invited to agree a joint lobbying approach, requesting government support in the form of:

1. Direct funding
2. A review of sector taxation and regulation
3. Support to accelerate transition to low-carbon and energy efficient solutions for the leisure estate

Action/s

Officers will work with partners to secure meetings with DCMS, DLUHC and HMT to discuss the issue. Media work will be undertaken alongside this.

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Background

1. Councils and providers have been approaching the LGA and other membership bodies to raise concerns about the impact of rising energy costs on leisure facilities. This is most pronounced for facilities with swimming pools.
2. The LGA and Ukactive have jointly produced a [briefing to support councils and their providers to mitigate some of the impact](#), but the cost pressures significantly outstrip any savings that can be made using these measures.
3. The issue has been raised with DCMS and Nigel Huddleston, Minister for Sport, including through parliamentary questions. The Minister's response, repeated in several contexts, has been "The ongoing responsibility of providing access to public leisure facilities lies at Local Authority level, and the government continues to encourage Local Authorities to invest in leisure facilities."
4. The Department also continues to point to the £100 million National Leisure Recovery Fund, aimed to support the sector through the depths of Covid, as an example of its support for the sector. This funding was exhausted many months ago.
5. The LGA has also raised the issue with Kemi Badenoch, Minister for Local Government, as part of regular meetings with Cllr James Jamieson. However, although the issue was noticed, no further discussion has been initiated by the department.

Issues

6. Ukactive's survey showed energy costs for public leisure facilities are projected to increase vs 2021 costs by 150% for 2022 and by 185% for 2023. CLUK's survey showed similar challenges for providers.
7. This particularly impacts swimming pools, which require heating. A 2019 report had already found that about 1,800 of the UK's 4,000-plus pools would have to shut by 2030 as they became too old and expensive to upgrade.
8. While a significant number of council applications to the Public Sector Decarbonisation Fund included proposals to improve energy efficiency within leisure centres, this still represents only a fraction of the leisure estate. The Fund is also designed to retrofit facilities rather than support new builds, which is a challenge for a leisure sector where about 60% and more of the assets are past their expected lifespans – it makes no sense to retrofit a building that needs replacing and no longer meets the needs of its community.

9. Additional pressures on swimming pools include a national shortage of chemicals required to keep them clean and safe, leading to temporary closures in at least some locations.
10. The Ukactive survey went on to reveal that:
 - 10.1. Within the next 0-6 months (June 22 - November 22), operators have reported that:
 - 10.1.1. 78% of facilities are likely or extremely likely to increase customer prices
 - 10.1.2. 85% of facilities are likely or extremely likely to reduce services
 - 10.1.3. 63% of facilities are likely or extremely likely to reduce staffing
 - 10.1.4. up to 79% of facilities are likely or extremely likely to be forced to stop operating completely (this indicates the likelihood of having to stop operations for 'some or all' of their facilities as multi-site operators).
11. Closure of these facilities would have significant impacts on the Government's levelling up objectives, as LGA polling has revealed that leisure centres are viewed as one of the most visible indicators of success for this policy by the general public.
12. The health implications of closures on this level are also significant, and the District Councils' Network's new report '[Fit for the Future](#)' demonstrates that engagement of just over 1 million of the inactive population of England in a prescribed leisure services programme would provide the following impacts over a 10-year period:
 - 12.1. **Almost 45,000** diseases avoided
 - 12.2. A direct saving to the NHS of **£314 million** for the cost of treatment of those diseases
 - 12.3. **70,000** Quality-Adjusted Life Years (QALY) gained (a year of life in perfect health is equal to one QALY)
 - 12.4. This QALY gain has a health value of **£1 billion** and economic value of **£4.2 billion**
 - 12.5. A **3.7-year** reduction in the healthy life expectancy gap
13. The Chartered Institute for the Management of Sport and Physical Activity estimates that 75% of job losses incurred as a result of this crisis will be among young people aged 16-24 (a group already struggling with higher levels of unemployment than older cohorts).
14. These issues have been outlined in a letter to the Secretaries of State for DCMS and DLUHC, copied to their equivalents at HM Treasury and BEIS. This can be read in Annex A.

Possible actions

15. There are limited actions available to councils and providers wishing to maintain provision at this point in time, and these are outlined in our [joint briefing with Ukactive](#). Councils have invested over £125 million extra in leisure services to support them through the pandemic, while providers have used a similar figure from their own reserves, which are now exhausted.
16. Other options include closure of worst performing facilities or those in worst repair; a reduction in opening hours; or an increase in prices. All of these measures are likely to have significant impacts on communities, with the effects disproportionately felt by those on the lowest incomes, and those groups who are already less active. For instance, many of the oldest facilities are in areas of low income, and these are also the ones least able to generate high levels of revenue.
17. Not all parts of the sector are facing the same challenge at the same time. Some providers have established fixed prices which last until, generally, the end of the calendar year, providing some protection against current fluctuations in price. However, this leaves them vulnerable to a cliff edge in the autumn.
18. Other providers have agreements with the council that the council will provide subsidy if costs fluctuate beyond a certain point within a year. However, this means that the council is exposed to the cost, which will have to be found at the expense of other investment in other services, although it does provide some management of the cost by splitting it between two organisations.
19. The most cost-effective and sustainable solution would be to accelerate the transition from an ageing, energy-inefficient estate to a low-carbon, energy efficient estate that responds to the current and future needs and expectations of communities. This would increase participation while reducing the overall cost of running and providing these services.
20. This transformation is already underway, as shown by developments in Exeter, South Kesteven, and Lancaster, but needs sufficient acceleration if all communities across the country are to retain their access to leisure facilities. The LGA estimated the costs of this, for those facilities most in need of transformation, at around £1 billion from Government, which would enable councils to unlock private investment and some of their own capital funding.
21. The letter to the Secretaries of State recommended that consideration is given to:

- 21.1. In-year grant with an increase to the local government settlement from 2023/24 to ringfence and protect public leisure facilities.
- 21.2. Immediate review of sector taxation and regulation that minimises other outgoing costs, with longer-term business tax reform to collectively support the sustainability and growth of the sector.
- 21.3. Support for a move to non-carbon intensive heating methods

Implications for Wales

22. Welsh authorities are equally affected by price rises. However, any mitigation measures and any additional funding would be the responsibility of the Welsh Assembly. The WLGA and CLOW are best place to lead those conversations, but we will share findings and ideas with them.

Implications for equality, diversity, and inclusion

23. Changes to service are likely to impact on the most vulnerable and least active, as outlined in paragraph 16.
24. It should also be noted that these pressures continue to drive conversations towards the provision of facilities, which provide the opportunity to be active to the greatest number of people. However, there is clear evidence to show that some of the least active communities and ethnic groups are more effectively engaged by targeted outreach activities, rather than provision of traditional leisure facilities.
25. In order to deliver the greatest health benefits, some funding for this outreach activity needs to be provided. However, in practice, funding for this has tended to be diverted to sustain the more visible facilities, which reach more people. This is a missed opportunity to reduce cost and demand pressures on the NHS and social care services.

Financial Implications

26. Current activity can be delivered within existing LGA budgets.

Next steps

27. Board members are invited to:
 - 27.1. Share any local impact or actions being taken on this issue.
 - 27.2. Identify any preferred action for Government to take based on the proposals in paragraph 21.
 - 27.3. Confirm that the LGA should continue to work with partners on joint submissions and media work to increase our impact.
 - 27.4. Highlight any additional work or activity that would be of value to member councils.